

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

SENATE BILL 395

By: Dahm

AS INTRODUCED

An Act relating to income tax, amending 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2018, Section 2355), which relates to levy of tax on individuals and corporations; eliminating levy on corporations after specified tax year; updating statutory references; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2018, Section 2355), is amended to read as follows:

Section 2355. A. Individuals. For all taxable years beginning after December 31, 1998, and before January 1, 2006, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed at the option of the taxpayer under one of the two following methods:

1. METHOD 1.

a. Single individuals and married individuals filing separately not deducting federal income tax:

- (1) 1/2% tax on first \$1,000.00 or part thereof,
- (2) 1% tax on next \$1,500.00 or part thereof,
- (3) 2% tax on next \$1,250.00 or part thereof,
- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$1,300.00 or part thereof,
- (6) 5% tax on next \$1,500.00 or part thereof,
- (7) 6% tax on next \$2,300.00 or part thereof, and
- (8) (a) for taxable years beginning after December 31, 1998, and before January 1, 2002, 6.75% tax on the remainder,
- (b) for taxable years beginning on or after January 1, 2002, and before January 1, 2004, 7% tax on the remainder, and
- (c) for taxable years beginning on or after January 1, 2004, 6.65% tax on the remainder.

b. Married individuals filing jointly and surviving spouse to the extent and in the manner that a surviving spouse is permitted to file a joint return under the provisions of the Internal Revenue Code and heads of households as defined in the Internal Revenue Code not deducting federal income tax:

- (1) 1/2% tax on first \$2,000.00 or part thereof,
- (2) 1% tax on next \$3,000.00 or part thereof,
- (3) 2% tax on next \$2,500.00 or part thereof,

- (4) 3% tax on next \$2,300.00 or part thereof,
- (5) 4% tax on next \$2,400.00 or part thereof,
- (6) 5% tax on next \$2,800.00 or part thereof,
- (7) 6% tax on next \$6,000.00 or part thereof, and
- (8) (a) for taxable years beginning after December 31, 1998, and before January 1, 2002, 6.75% tax on the remainder,
- (b) for taxable years beginning on or after January 1, 2002, and before January 1, 2004, 7% tax on the remainder, and
- (c) for taxable years beginning on or after January 1, 2004, 6.65% tax on the remainder.

2. METHOD 2.

a. Single individuals and married individuals filing separately deducting federal income tax:

- (1) 1/2% tax on first \$1,000.00 or part thereof,
- (2) 1% tax on next \$1,500.00 or part thereof,
- (3) 2% tax on next \$1,250.00 or part thereof,
- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$1,200.00 or part thereof,
- (6) 5% tax on next \$1,400.00 or part thereof,
- (7) 6% tax on next \$1,500.00 or part thereof,
- (8) 7% tax on next \$1,500.00 or part thereof,
- (9) 8% tax on next \$2,000.00 or part thereof,

1 (10) 9% tax on next \$3,500.00 or part thereof, and

2 (11) 10% tax on the remainder.

3 b. Married individuals filing jointly and surviving
4 spouse to the extent and in the manner that a
5 surviving spouse is permitted to file a joint return
6 under the provisions of the Internal Revenue Code and
7 heads of households as defined in the Internal Revenue
8 Code deducting federal income tax:

9 (1) 1/2% tax on the first \$2,000.00 or part thereof,

10 (2) 1% tax on the next \$3,000.00 or part thereof,

11 (3) 2% tax on the next \$2,500.00 or part thereof,

12 (4) 3% tax on the next \$1,400.00 or part thereof,

13 (5) 4% tax on the next \$1,500.00 or part thereof,

14 (6) 5% tax on the next \$1,600.00 or part thereof,

15 (7) 6% tax on the next \$1,250.00 or part thereof,

16 (8) 7% tax on the next \$1,750.00 or part thereof,

17 (9) 8% tax on the next \$3,000.00 or part thereof,

18 (10) 9% tax on the next \$6,000.00 or part thereof, and

19 (11) 10% tax on the remainder.

20 B. Individuals. For all taxable years beginning on or after
21 January 1, 2008, and ending any tax year which begins after December
22 31, 2015, for which the determination required pursuant to ~~Sections~~
23 ~~4 and 5 of this act~~ Section 2355.1F of this title is made by the
24 State Board of Equalization, a tax is hereby imposed upon the

1 Oklahoma taxable income of every resident or nonresident individual,
2 which tax shall be computed as follows:

3 1. Single individuals and married individuals filing
4 separately:

5 (a) 1/2% tax on first \$1,000.00 or part thereof,

6 (b) 1% tax on next \$1,500.00 or part thereof,

7 (c) 2% tax on next \$1,250.00 or part thereof,

8 (d) 3% tax on next \$1,150.00 or part thereof,

9 (e) 4% tax on next \$2,300.00 or part thereof,

10 (f) 5% tax on next \$1,500.00 or part thereof,

11 (g) 5.50% tax on the remainder for the 2008 tax year and

12 any subsequent tax year unless the rate prescribed by

13 subparagraph (h) of this paragraph is in effect, and

14 (h) 5.25% tax on the remainder for the 2009 and subsequent

15 tax years. The decrease in the top marginal

16 individual income tax rate otherwise authorized by

17 this subparagraph shall be contingent upon the

18 determination required to be made by the State Board

19 of Equalization pursuant to Section 2355.1A of this

20 title.

21 2. Married individuals filing jointly and surviving spouse to
22 the extent and in the manner that a surviving spouse is permitted to
23 file a joint return under the provisions of the Internal Revenue
24

1 Code and heads of households as defined in the Internal Revenue
2 Code:

- 3 (a) 1/2% tax on first \$2,000.00 or part thereof,
- 4 (b) 1% tax on next \$3,000.00 or part thereof,
- 5 (c) 2% tax on next \$2,500.00 or part thereof,
- 6 (d) 3% tax on next \$2,300.00 or part thereof,
- 7 (e) 4% tax on next \$2,400.00 or part thereof,
- 8 (f) 5% tax on next \$2,800.00 or part thereof,
- 9 (g) 5.50% tax on the remainder for the 2008 tax year and
10 any subsequent tax year unless the rate prescribed by
11 subparagraph (h) of this paragraph is in effect, and
12 (h) 5.25% tax on the remainder for the 2009 and subsequent
13 tax years. The decrease in the top marginal
14 individual income tax rate otherwise authorized by
15 this subparagraph shall be contingent upon the
16 determination required to be made by the State Board
17 of Equalization pursuant to Section 2355.1A of this
18 title.

19 C. Individuals. For all taxable years beginning on or after
20 January 1, 2016, and for which the determination required pursuant
21 to ~~Sections 4 and 5 of this act~~ Section 2355.1F of this title is
22 made by the State Board of Equalization, a tax is hereby imposed
23 upon the Oklahoma taxable income of every resident or nonresident
24 individual, which tax shall be computed as follows:

1 1. Single individuals and married individuals filing
2 separately:

- 3 (a) 1/2% tax on first \$1,000.00 or part thereof,
4 (b) 1% tax on next \$1,500.00 or part thereof,
5 (c) 2% tax on next \$1,250.00 or part thereof,
6 (d) 3% tax on next \$1,150.00 or part thereof,
7 (e) 4% tax on next \$2,300.00 or part thereof,
8 (f) 5% tax on the remainder if the State Board of
9 Equalization makes a determination pursuant to Section
10 ~~4 of this act or four and eighty five hundredths~~
11 ~~(4.85%) tax on the remainder if the State Board of~~
12 ~~Equalization makes a determination pursuant to Section~~
13 ~~5 of this act~~ 2355.1F of this title.

14 2. Married individuals filing jointly and surviving spouse to
15 the extent and in the manner that a surviving spouse is permitted to
16 file a joint return under the provisions of the Internal Revenue
17 Code and heads of households as defined in the Internal Revenue
18 Code:

- 19 (a) 1/2% tax on first \$2,000.00 or part thereof,
20 (b) 1% tax on next \$3,000.00 or part thereof,
21 (c) 2% tax on next \$2,500.00 or part thereof,
22 (d) 3% tax on next \$2,300.00 or part thereof,
23 (e) 4% tax on next \$2,400.00 or part thereof,
24

1 (f) 5% tax on the remainder if the State Board of
2 Equalization makes a determination pursuant to Section
3 ~~4 of this act or four and eighty-five hundredths~~
4 ~~percent (4.85%) tax on the remainder if the State~~
5 ~~Board of Equalization makes a determination pursuant~~
6 ~~to Section 5 of this act~~ 2355.1F of this title.

7 No deduction for federal income taxes paid shall be allowed to
8 any taxpayer to arrive at taxable income.

9 D. Nonresident aliens. In lieu of the rates set forth in
10 subsection A above, there shall be imposed on nonresident aliens, as
11 defined in the Internal Revenue Code, a tax of eight percent (8%)
12 instead of thirty percent (30%) as used in the Internal Revenue
13 Code, with respect to the Oklahoma taxable income of such
14 nonresident aliens as determined under the provision of the Oklahoma
15 Income Tax Act.

16 Every payer of amounts covered by this subsection shall deduct
17 and withhold from such amounts paid each payee an amount equal to
18 eight percent (8%) thereof. Every payer required to deduct and
19 withhold taxes under this subsection shall for each quarterly period
20 on or before the last day of the month following the close of each
21 such quarterly period, pay over the amount so withheld as taxes to
22 the Tax Commission, and shall file a return with each such payment.
23 Such return shall be in such form as the Tax Commission shall
24 prescribe. Every payer required under this subsection to deduct and

1 withhold a tax from a payee shall, as to the total amounts paid to
2 each payee during the calendar year, furnish to such payee, on or
3 before January 31, of the succeeding year, a written statement
4 showing the name of the payer, the name of the payee and the payee's
5 social security account number, if any, the total amount paid
6 subject to taxation, and the total amount deducted and withheld as
7 tax and such other information as the Tax Commission may require.
8 Any payer who fails to withhold or pay to the Tax Commission any
9 sums herein required to be withheld or paid shall be personally and
10 individually liable therefor to the State of Oklahoma.

11 E. Corporations. For all taxable years beginning after
12 December 31, 1989, through the year ending on December 31, 2019, a
13 tax is hereby imposed upon the Oklahoma taxable income of every
14 corporation doing business within this state or deriving income from
15 sources within this state in an amount equal to six percent (6%)
16 thereof.

17 There shall be no additional Oklahoma income tax imposed on
18 accumulated taxable income or on undistributed personal holding
19 company income as those terms are defined in the Internal Revenue
20 Code.

21 F. Certain foreign corporations. In lieu of the tax imposed in
22 the first paragraph of subsection D of this section, for all taxable
23 years beginning after December 31, 1989, through the year ending on
24 December 31, 2019, there shall be imposed on foreign corporations,

1 as defined in the Internal Revenue Code, a tax of six percent (6%)
2 instead of thirty percent (30%) as used in the Internal Revenue
3 Code, where such income is received from sources within Oklahoma, in
4 accordance with the provisions of the Internal Revenue Code and the
5 Oklahoma Income Tax Act.

6 Every payer of amounts covered by this subsection shall deduct
7 and withhold from such amounts paid each payee an amount equal to
8 six percent (6%) thereof. Every payer required to deduct and
9 withhold taxes under this subsection shall for each quarterly period
10 on or before the last day of the month following the close of each
11 such quarterly period, pay over the amount so withheld as taxes to
12 the Tax Commission, and shall file a return with each such payment.
13 Such return shall be in such form as the Tax Commission shall
14 prescribe. Every payer required under this subsection to deduct and
15 withhold a tax from a payee shall, as to the total amounts paid to
16 each payee during the calendar year, furnish to such payee, on or
17 before January 31, of the succeeding year, a written statement
18 showing the name of the payer, the name of the payee and the payee's
19 social security account number, if any, the total amounts paid
20 subject to taxation, the total amount deducted and withheld as tax
21 and such other information as the Tax Commission may require. Any
22 payer who fails to withhold or pay to the Tax Commission any sums
23 herein required to be withheld or paid shall be personally and
24 individually liable therefor to the State of Oklahoma.

1 G. Fiduciaries. A tax is hereby imposed upon the Oklahoma
2 taxable income of every trust and estate at the same rates as are
3 provided in subsection B or C of this section for single
4 individuals. Fiduciaries are not allowed a deduction for any
5 federal income tax paid.

6 H. Tax rate tables. For all taxable years beginning after
7 December 31, 1991, in lieu of the tax imposed by subsection A, B or
8 C of this section, as applicable there is hereby imposed for each
9 taxable year on the taxable income of every individual, whose
10 taxable income for such taxable year does not exceed the ceiling
11 amount, a tax determined under tables, applicable to such taxable
12 year which shall be prescribed by the Tax Commission and which shall
13 be in such form as it determines appropriate. In the table so
14 prescribed, the amounts of the tax shall be computed on the basis of
15 the rates prescribed by subsection A, B or C of this section. For
16 purposes of this subsection, the term "ceiling amount" means, with
17 respect to any taxpayer, the amount determined by the Tax Commission
18 for the tax rate category in which such taxpayer falls.

19 SECTION 2. This act shall become effective November 1, 2019.

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